



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

Purpose: Approval

Date: 16 July 2019

Title: 3SFire Stakeholder Committee Terms of Reference

Report of Committee Clerk

SUMMARY

1. This report provides more detailed draft terms of reference for the 3SFire Ltd Stakeholder Committee. The draft terms of reference are at Appendix 1 and seek to clarify the remit and responsibility of the Stakeholder Committee.
2. The report seeks approval from the Committee to the draft terms of reference and for them to be recommended to the Authority for adoption and incorporation into the Constitution.

BACKGROUND

3. At its meeting in June 2019, the Authority received a report from the Chief Fire Officer in respect of the governance arrangements for 3SFire Ltd (the Authority's wholly owned trading company).
4. At the June 2019 meeting, the Authority agreed to modify the governance structures and resolved to create and appoint members to a "stakeholder committee" to discharge the Authority's functions as shareholder of 3SFire Ltd. The Authority also agreed that it would not appoint elected members to the Board of 3SFire Ltd and instead made interim appointments of officers.
5. High level terms of reference for the Stakeholder Committee were agreed by the Authority with a view to more detailed terms of reference being produced, approved by the Stakeholder Committee and recommended to the Authority for adoption and inclusion in the Constitution.
6. This report provides draft terms of reference for the Stakeholder Committee which have been drafted on behalf of the Clerk and Monitoring Officer by the Authority's legal adviser.

7. The draft terms of reference have been carefully drafted so as to be consistent with 3SFire Ltd's Articles of Association and to ensure that the stakeholder committee and there the Authority will be compliant with statutory company law requirements.
8. 3SFire Ltd's Articles of Association are attached at Appendix 2 and the draft terms of reference should be read in conjunction with them.
9. The draft terms of reference include a section that reserves some shareholder functions to the full Authority. These are the most significant decisions, such as issuing new shares, entering insolvency arrangements or winding the company up. Otherwise, all other shareholder functions are devolved to the Stakeholder Committee.

SUPPORTING OUR SERVICE PLAN AND PRIORITIES

10. Ensuring that 3SFire Ltd's governance is robust and that its trading activities are both lawful and are properly scrutinised by members contributes to HFRS's capacity to deliver the Service. Therefore, the contents of this report are consistent with and support the Service Plan, Safer, Stronger priorities and the Fire and Rescue National Framework document.

RESOURCE IMPLICATIONS

11. The stakeholder committee will be supported by officers as appropriate. Otherwise there are no financial/resource implications associated with the proposals in this report as it relates to a minor change of governance only.

ENVIRONMENTAL AND SUSTAINABILITY IMPACT ASSESSMENT

12. There are no impacts to the environment or sustainability arising from the proposals in this report.

LEGAL IMPLICATIONS

13. The Legal Services team have been fully involved in drafting the terms of reference for the Committee, and have sought to ensure that the draft terms of reference ensure compliance with local government legal requirements, as well as company law requirements.

EQUALITY IMPACT ASSESSMENT

14. The proposals in this report are considered compatible with the provisions of equality and human rights legislation.

OPTIONS

15. The Committee has the following options:
 - (a) Approve the draft terms of reference for the Stakeholder Committee and recommend them to the full Authority for adoption and incorporation into the Constitution; or
 - (b) Continue with the existing high level terms of reference which have previously been approved.

RISK ANALYSIS

16. Approving the draft terms of reference provides clarity about the role and remit of the Stakeholder Committee. It also ensures that there is a strong and robust audit trail in respect of the Authority's exercise of the shareholder function and will assist in ensuring legal compliance.
17. Not approving the draft terms of reference will mean that the Stakeholder Committee is reliant on very high level terms of reference, which simply provide for the Committee to exercise the shareholder functions of the Authority. This may leave Authority and 3SFire Ltd in a weaker position in respect of governance and decision making.

EVALUATION AND CONCLUSION

18. For the reasons set out above, it is recommended that the Committee approve the draft terms of reference and recommend them for adoption by the full Authority. This will assist in ensuring that appropriate governance arrangements are in place in respect of 3SFire Ltd.

RECOMMENDATION

19. That the Committee approve the draft terms of reference for the 3SFire Ltd Stakeholder Committee at Appendix 1 and recommend to the full Authority that these be adopted and included with the Authority's Constitution.

APPENDICES ATTACHED

20. Appendix 1 – Draft Terms of Reference
21. Appendix 2 – 3SFire Ltd's Articles of Association

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